

VZCZCXYZ0001
OO RUEHWEB

DE RUEHPE #0428/01 0331157
ZNY CCCCC ZZH
O 021157Z FEB 06
FM AMEMBASSY LIMA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 8514
INFO RUEHBO/AMEMBASSY BOGOTA IMMEDIATE 2923
RUEHBU/AMEMBASSY BUENOS AIRES IMMEDIATE 2224
RUEHCV/AMEMBASSY CARACAS IMMEDIATE 9011
RUEHQT/AMEMBASSY QUITO IMMEDIATE 9979
RUEHSG/AMEMBASSY SANTIAGO IMMEDIATE 0146
RUEANHA/FAA WASHINGTON DC IMMEDIATE
RUEAYVF/FAA MIAMI FL IMMEDIATE

C O N F I D E N T I A L LIMA 000428

SIPDIS

SIPDIS

DEPT FOR WHA/AND, WHA/CEN, EB/TRA/AN, INR/B

E.O. 12958: DECL: 02/01/2016
TAGS: [EAIR](#) [ASEC](#) [PGOV](#) [PE](#)
SUBJECT: DGAC DISCUSSES FUTURE OF TANS AIRLINES

REF: A. LIMA 269

- [1](#)B. LIMA 262
- [1](#)C. LIMA 87
- [1](#)D. 05 LIMA 3366

Classified By: Economic Officer Samantha Carl-Yoder for reasons 1.5 (b) and (d).

[1](#)1. (C) Summary: The new Director General of Civil Aviation, Luis Rivera, during a February 1 courtesy call, openly discussed the future of TANS and the longevity of his position. Rivera, a former Air Traffic Controller, emphasized that the Directorate General of Civil Aviation (DGAC) remains committed to making technical recommendations, not political ones, on TANS' viability as a commercial airline. Rivera, who has met with the Ministers of Finance and Transportation, as well as the Prime Minister and the head of FONAFE (the GOP agency that supervises state-owned enterprises), explained that President Toledo would make the decision on the future of TANS, perhaps as early as February [1](#)1. Four DGAC inspectors will review TANS operations on February 1 to ascertain whether the company is following up on DGAC recommendations. If the President decides to allow TANS to continue to operate as a commercial airline and the company appears to be making the necessary safety adjustments, the DGAC could allow TANS to fly for a two-month trial basis. Rivera noted, however, that the DGAC, under his watch, would not be pushed into reinstating TANS' operating certificates. He indicated that he believes his tenure as Director will be short. End Summary.

Two Decisions on TANS

[1](#)2. (SBU) Director Rivera began the meeting by explaining that the TANS issue is more complicated than many realize. The GOP must decide two issues on TANS: first, whether the company is financially viable and should still obtain GOP funding, and second, whether TANS meets DGAC technical and safety requirements. Rivera, who became Director of Civil Aviation on January 23 (ref A), spent the past week meeting with key GOP and TANS officials to obtain information necessary to the DGAC's overall recommendation on TANS.

[1](#)3. (C) Rivera informed us that he met with the head of FONAFE, the GOP organization that supervises state-owned enterprises, and the General Manager of TANS on January 27. According to FONAFE, TANS is not a financially viable company, and has cost the government more than \$8 million

over the past three years. Rivera showed us a FONAFE document dated September 2004 that recommended that TANS should no longer receive GOP funding until it could show profitability. The General Manager of TANS also acknowledged to Rivera that TANS has failed to make money as a commercial airline.

¶3. (C) Convinced that TANS is not the moneymaker that the Air Force had hoped for, Rivera then turned his attention to the technical ability of TANS. According to Rivera, the DGAC made the correct decision when it grounded TANS on January 6 (ref C). The airline had at least 6 significant safety incidents in December, including two engine failures and a near collision with another commercial plane. Rivera explained that while he worked as an air traffic controller in Lima and Iquitos, he saw several serious safety infractions that were directly attributed to the TANS military pilots. In his technical opinion, TANS must overhaul its operations before it can fly again.

¶4. (C) Director Rivera will meet with the Prime Minister and the Ministers of Finance (which controls FONAFE) and Transport on February 1 to present the DGAC's recommendation on TANS -- that TANS should not be allowed to fly again unless it takes steps to improve its safety and maintenance operations. Rivera indicated that the Prime Minister and the Ministers of Finance and Transport have already made a decision on TANS; while he would not say what the decision was, he informed us that the Embassy would firmly support the decision. The Prime Minister was scheduled to meet with President Toledo to make a recommendation on TANS late on February 1. According to Rivera, President Toledo could make a decision on the future of TANS as early as February 1.

But Will TANS Fly Again?

¶5. (C) We asked Rivera what would happen if President Toledo decides to allow TANS to continue as a state-owned enterprise. Rivera noted that if the President considers TANS to be a viable company, the pressure to allow TANS to fly would increase. He explained that he is willing (and likely) to lose his job if he does not bow to political pressure. When asked about the Ministry of Defense's assertion that the DGAC acted inappropriately when it grounded TANS because of the lack of derogatory information in the TANS file, Rivera acknowledged that while the DGAC made the right decision, it did not properly document TANS' safety and technical failures over the past two years. During the past week, the DGAC has complied information about TANS' safety record for the President's review.

¶6. (C) Rivera also noted that the DGAC must explain to the President and the Ministry of Defense why it called for the removal of all active-duty military pilots on commercial flights. He highlighted that this requirement came not from the DGAC, but from the International Civil Aviation Organization (ICAO). However, Rivera suggested that TANS did not have to meet this requirement in order to resume flights -- the company could take several months to find new pilots and still meet DGAC standards.

¶7. (C) Rivera and Director of Safety Juan Crovetto informed us that the DGAC is sending four inspectors to review TANS' operations on February 1. The inspectors will assess whether TANS has made any changes in an effort to meet the DGAC standards (ref B). (Note: Crovetto, in a side meeting, emphasized that this is an effort by the DGAC to improve its follow-up with companies, an issue highlighted by the FAA IASA as deficient. End Note.) If TANS appears to be making safety and maintenance improvements to meet DGAC standards, the DGAC may reinstate TANS' air operating certificate for a two-month trial period (only if the President decides in favor of TANS).

¶8. (C) We emphasized that the FAA is closely monitoring the TANS situation and would likely return to Peru to review the TANS permission process. Rivera understood, and stated that

the DGAC would only allow TANS to resume flights if they prove that they are not endangering passengers.

FAA Follow-Up

¶9. (SBU) Rivera asked when the FAA would return to Peru to conduct a follow-up assessment (ref B). We responded that the FAA would return within the next six months. Rivera, acknowledging the upcoming Presidential election on April 9 and potential run-off on May 7, requested that the FAA return to Peru in mid-May.

No More AeroContinente

¶10. (C) In passing, Rivera mentioned that the DGAC recently rescinded flight permissions for AeroContinente EIRL, the company owned by Drug King Pin Fernando Zevallos (ref D). He explained that DGAC regulations state that when a company is inactive for more than 6 months, permissions are cancelled and a company must start from the beginning. Zevallos, who is currently in jail, has not yet re-petitioned the DGAC for flight permissions.

Bio Notes

¶11. (SBU) Luis Cesar Rivera Perez has worked in the civil aviation sector since 1989. Prior to becoming Director of the DGAC, he worked as an air traffic controller in Tarapoto, Iquitos and Lima for the past 15 years. Most recently, Rivera was the Assistant to the Director of Air Traffic Control at CORPAC (Peruvian Corporation for Airports and Commercial Aviation). He was also the president of SUCTA, the Union for Air Traffic Controllers from 2000-2002. Before working in civil aviation, Rivera taught math and science at the Air Force Academy (he was never enlisted in the military).

¶12. (SBU) Although Rivera does not have much management experience, he has a Masters in Administration from Pontifica Universidad Catolica del Peru. Rivera is single and speaks working English. A complete bio can be found on Embassy's Lima's Siprnet site.

Comment

¶13. (C) The Ministry of Defense continues to place pressure on both President Toledo and the DGAC to resume TANS flights. Given that President Toledo flew on a TANS flight on January 11 (five days after the company was grounded), Rivera believes that Toledo is predisposed to allow TANS to remain a viable state enterprise. Rivera was unwilling to predict how Toledo would decide. Much depends on what the four DGAC inspectors find during their assessment of TANS operations on February 1. If they believe that TANS has taken steps to improve its maintenance and safety issue, it is likely that the DGAC will grant TANS temporary permissions. However, even if the inspectors give TANS a negative review, Rivera expects the Ministry of Defense to increase its pressure on the DGAC. Rivera, who recognizes that this issue is highly politicized, is not willing to allow TANS to fly if it is not safe. He expects, however, that his tenure as Director of Civil Aviation may only last a few more weeks.

STRUBLE